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SUBJECT: BOLIVIAN MINING: CONFLICTIVE "COOPERATIVES"

¶1. (SBU) Summary: As high world mineral prices encourage the re-opening of areas previously considered "mined out", Bolivia's cooperative miners have regained political street power. Various estimates suggest that up to 100,000 miners work in cooperatives, semi-socialist organizations that are viewed as "social groups" under the draft constitution and are given special tax breaks under the 2007 mining tax law. The miners' special status under the draft constitution was granted in response to threats of street violence against the ruling Movement Toward Socialism (MAS) government, a sign of the miners' power. Cooperative mines are generally understood to avoid most if not all applicable taxes, and they are not effectively regulated, leading to miserable safety conditions and high death rates. In the past year, a number of conflicts between local communities and small (often cooperative) mines have led to deaths and "takings" of the mines. Emboffs visited a local cooperative mine after the resolution of such a "taking" conflict. This cable also provides an outline of the organizational structure of cooperative mines and a description of working conditions.
End summary.

Milluni Mine: A Common Example

¶2. (SBU) A cemetery guards the road to Milluni mine, known in La Paz department for its resistance to a national coup in the sixties (when miners escaped through tunnels and the airforce bombed llamas.) After years of inactivity, the mine has re-opened due to rising world zinc prices: from its high of thousands of employees, the mine now supports about twenty cooperative miners and forty-five residents of nearby subsistence farms--these community members attacked the mine and stopped production for roughly a week before the

cooperative agreed to let them join in the mining operation. (Note: Where the community members are working as contracted labor, this arrangement is legal and fairly common. Where the cooperative gave the community members permission to mine by themselves, this arrangement is questionable, since the state officially grants mining concessions. End note.)

¶13. (SBU) Cooperative mines are some of Bolivia's most dangerous places to work: there is no effective safety regulation, conditions are dreadful, and many miners wear no safety equipment or buy fake safety equipment that offers no actual protection. At Milluni, Emboffs watched as a contracted miner (paid a daily salary by a cooperative partner) entered the mine bare-headed and in flip-flops. From a brief examination, the mine seemed to be operating with insufficient roof support, a problem since the ore at Milluni fractures easily.

¶14. (SBU) The miners explained that, after the resolution of the conflict with the community, roughly forty-five community members were now working in various areas of the mine. Of the approximately twenty cooperative miners, some have extensive mining experience: the current boss is the son of the mine boss who worked the operation during the coup in the sixties. The inexperience of the community members is another source of danger, however, since statistics show (even in the United States) that the first year of working in a mine is generally the most dangerous. One miner mentioned that the mine did not allow the community children to work: "Everyone is at least fourteen."

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The Bigger (Depressing) Picture
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¶15. (SBU) Milluni is in some ways a model of the Bolivian mining industry at present. Rising world mineral prices have encouraged the re-opening or re-exploration of many deposits previously considered mined-out. A South Korean state mining entity is reportedly already at work on restarting the defunct copper deposit at Coro Coro (under the auspices of the state mining company COMIBOL), and the city of Potosi is booming as old workings are re-opened on the famous "rich hill." Although larger mines like Coro Coro, with international investors and COMIBOL presence, will probably work at international safety standards, most cooperative mines are unregulated and unsafe. Miners work with little ventilation and usually no respiratory protection: silicosis is one of the leading non-accident causes of death in the Bolivian mining sector. According to non-official police and NGO estimates, on average twenty miners a month in Potosi die from mine related accidents and illnesses such as silicosis.

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Children Underground
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¶16. (SBU) The mines often employ children as assistants to carry equipment, control drill air pressure, and load dynamite into drillholes. Children also work as beasts of burden, carrying ore on their backs or pushing ore cars. As veins thin out, children are sometimes employed at the farthest reaches of the tunnels, their small size allowing them to enter into the most dangerous areas of the mine. Some children work in family operations, helping out before or after school. Other children take their fathers' place when their fathers are incapacitated or killed in the mines. With no social safety net, the cooperatives often view this employment of children as a type of 'widows and orphans fund': without the mine income, the family would often be unable to feed itself. A Senator from Potosi explained to Emboff that he entered the cooperative mines at age twelve after his fathers' death: "It was my right and my duty," he said, "and here I am now." Most children will not work their way through a cooperative's internal power structure and rise to a national elected post, of course.

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Women Not Underground...but Not Much Better Off
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¶7. (SBU) Women generally do not officially work underground, although some do enter the mines to work. More, however, are hired as guards, living near the mine mouth all day every day so as to discourage the local thieves who attempt to steal ore. For an average of USD50 per month, these women and their children are expected to drive off thieves with no weapons other than rocks: the thieves, on the other hand, have been getting increasingly violent and are reportedly beginning to threaten guards with dynamite and other weapons.

Women also work in support roles, cooking and washing for the miners. A recent press report described a miner's widow cooking over an open fire in a mine storage area only feet from boxes of dynamite.

¶8. (SBU) Although some miners describe ideal cooperative structure as a three-musketeers-like system of 'all for one and one for all', the widows of miners often end up being

victimized by their husbands' former colleagues. They are rarely allowed any claim on their husbands' percentage of the cooperative and often are not even allowed to take their husbands' equipment for resale or to outfit sons who must take their fathers' place. Many of the wives of the new influx of miners--recently arrived from the countryside and speaking only Quechua--do not have legal papers to prove their marital status or to establish that their children are also their husbands' children. Illiterate and unaware of their (admittedly limited) options, they end up pushed into the most marginal of positions within Potosi's social structure.

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Worth a Potosi, Worth the Pain?
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¶9. (SBU) Rene Joaquin, Mayor of Potosi, explains that the population of his city is growing at a rate that the municipality cannot support, and that salaries are increasingly above the municipality's ability to pay. Economics thus suggest that cooperative mining is a comparatively good option in Bolivia, despite the inherent hazards. Potosi's streets, clogged with SUVs and currently home to a number of expensive imported Humvees, show that some are getting rich from the mining boom. To buy a partnership in a cooperative, individuals must generally invest at least USD2000 (roughly twice the average annual salary in Bolivia) to gain "ownership" of a vein or section of a mine. Reportedly some partners are currently making over USD3000 per month. Drillers can earn over a thousand dollars a month (out of which they pay their young assistants), partially because their job requires skill and experience, but partially because it bears the highest risk of lung disease and roof-falls, and the salary reflects this danger. Average workers are paid either a daily salary or sums based on their production level: salaries average between USD15 and US25 for an eighteen-hour day. According to Mayor Joaquin, municipal projects are left undone because, even after tripling the offered salaries to USD13 per day, the city cannot compete with the mines.

¶10. (SBU) The increasing economic power of the cooperatives has also led to accusations of strong-arm tactics in Potosi. Local police have said that cooperative leaders often forbid them from investigating mine-related deaths, only allowing the police rescue teams to enter into the mines to retrieve corpses. Community members who express anger at increased prices and crime-rates due to the mining boom have reportedly been threatened by cooperative members. Local reporters who have printed articles about the coercive nature of some cooperatives have been visited by dynamite-wielding miners. On a national level, the cooperative miner associations have extensive political power, partially thanks to their willingness to engage in mass street-blockades armed with dynamite. The day before an important Constituent Assembly

vote in 2007, Emboffs met with Andres Villca, president of the National Federation of Cooperative Miners (FENCOMIN). Villca told Emboffs that his members planned to "take" La Paz if their demands were not met, and that they had a meeting with President Evo Morales that evening. The next day, the text of the MAS draft constitution had been amended to grant special rights to cooperative miners, and FENCOMIN supported the MAS government in a protest in Oruro that blocked opposition participation in a critical vote on the draft constitution.

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Comment
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¶11. (SBU) The MAS draft constitution gives special status to cooperative mines, and the MAS has recently reaffirmed its alliance with the FENCOMIN, using that alliance to assemble dynamite-armed crowds in Oruro to force through the draft constitution by blocking opposition politicians. This close relationship between the current government and the cooperative miners suggests that cooperative mining will continue to have a special status under Bolivian law. Despite the unmitigated environmental effects of cooperative mines (the run-off from Milluni, for example, has spread an untreated orange sludge directly above one of the main drinking-water reservoirs for the capital city of La Paz) and the dangerous work conditions, cooperative mining will continue to be part of Bolivian mining and Bolivian politics for the foreseeable future. End comment.

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